

# HOUSE BILL No. 2108

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-3-2; IC 21-9-10-2.

**Synopsis:** College savings tax deduction. Provides that contributions to an Indiana family college savings account up to \$2,000 may be deducted from Indiana adjusted gross income. Exempts distributions from an Indiana family college savings account used to pay qualified higher education expenses from the Indiana adjusted gross income tax.

**Effective:** January 1, 2002.

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**Klinker, Turner, Harris, Buell**

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January 17, 2001, read first time and referred to Committee on Ways and Means.

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First Regular Session 112th General Assembly (2001)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2000 General Assembly.

## HOUSE BILL No. 2108

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A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

1       SECTION 1. IC 6-3-2-6.5 IS ADDED TO THE INDIANA CODE  
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE  
3 JANUARY 1, 2002]: **Sec. 6.5. (a) Each taxable year, an individual**  
4 **who makes a contribution to an Indiana family college savings**  
5 **account established under IC 21-9 for the benefit of a dependent of**  
6 **the individual may deduct from the individual's adjusted gross**  
7 **income (as defined in IC 6-3-1-3.5(a)) the lesser of:**

8           (1) the amount of the contribution made by the individual  
9           during the taxable year; or

10          (2) two thousand dollars (\$2,000).

11          **(b) Notwithstanding subsection (a), a husband and wife filing a**  
12 **joint adjusted gross income tax return for a particular taxable year**  
13 **may not claim a deduction under this section of more than two**  
14 **thousand dollars (\$2,000).**

15       SECTION 2. IC 6-3-2-19 IS ADDED TO THE INDIANA CODE  
16 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE  
17 JANUARY 1, 2002]: **Sec. 19. (a) As used in this section, "account**



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1 beneficiary" has the meaning set forth in IC 21-9-2-3.

2 (b) As used in this section, "account owner" has the meaning set  
3 forth in IC 21-9-2-4.

4 (c) As used in this section, "individual account" has the meaning  
5 set forth in IC 21-9-2-2.

6 (d) As used in this section, "qualified higher education  
7 expenses" has the meaning set forth in IC 21-9-2-19.5.

8 (e) Distributions from an individual account used to pay  
9 qualified higher education expenses are exempt from the adjusted  
10 gross income tax imposed by IC 6-3-1 through IC 6-3-7 as income  
11 of an account beneficiary or an account owner.

12 SECTION 3. IC 21-9-10-2 IS AMENDED TO READ AS  
13 FOLLOWS [EFFECTIVE JANUARY 1, 2002]: Sec. 2. (a) Individual  
14 accounts and all earnings or interest on accounts are exempt from  
15 taxation in Indiana to the extent that those accounts, earnings, and  
16 interest are exempt from federal taxation under federal law, subject to  
17 any penalties that are established for education savings programs under  
18 this article.

19 (b) Distributions under IC 6-3-2-19 from an individual account  
20 used to pay qualified higher education expenses are exempt from  
21 the adjusted gross income tax imposed by IC 6-3-1 through  
22 IC 6-3-7.

23 SECTION 4. [EFFECTIVE JANUARY 1, 2002] IC 6-3-2-6.5 and  
24 IC 6-3-2-19, both as added by this act, apply to taxable years  
25 beginning after December 31, 2001.

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